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**CONTACT: 98 - 100
JAY ZIEGLER
HELAIN KLASKY
(202) 395-3230**

**USTR BARSHEFSKY ANNOUNCES CONCLUSION OF
INTELLECTUAL PROPERTY AGREEMENT WITH THE REPUBLIC OF PARAGUAY
AND TERMINATION OF THE SECTION 301 INVESTIGATION**

United States Trade Representative Charlene Barshefsky today announced the conclusion of a comprehensive bilateral intellectual property agreement with the Government of the Republic of Paraguay and her final determination in the section 301 investigation of Paraguay's intellectual property practices.

In announcing this Agreement, Ambassador Barshefsky said, "This is a strong bilateral agreement that will significantly improve intellectual property protection for copyrights, patents and trademarks and ensure continued progress in the fight against piracy and counterfeiting in Paraguay."

The Memorandum of Understanding and Enforcement Action Plan signed today contain specific near-term and longer-term obligations that, when fully implemented, will greatly strengthen Paraguayan intellectual property law and enforcement procedures. For example, Paraguay has committed to implement institutional reforms to strengthen enforcement at its borders, and to pursue amendments that will facilitate effective prosecution of copyright piracy. Paraguay has also committed to take immediate action against known centers of piracy and counterfeiting, and to coordinate the anti-piracy efforts of its customs, police, prosecutorial and tax authorities. In addition, Paraguay has agreed to pursue reform of its patent law, and to ensure that its government ministries use only authorized software.

As a result of this Agreement, Ambassador Barshefsky has revoked Paraguay's identification as a Priority Foreign Country under the "Special 301" provisions of the Trade Act and terminated the section 301 investigation. Ambassador Barshefsky concluded, "We will closely monitor the implementation of this agreement, especially during the special enforcement period, and look forward to seeing significant additional progress before the next annual Special 301 review."

Ambassador Barshefsky continued, "The Cubas Grau Administration has made meaningful efforts in recent months to improve intellectual property protection; however, there is much left to be done. We look forward to continued progress by the Paraguayan Government in the pursuit of our shared objective of significantly reducing piracy and counterfeiting in Paraguay."

BACKGROUND

The Cubas Grau Administration took office in August 1998, pledging to address Paraguay's consistent failure to prevent pirates and counterfeiters from violating intellectual property rights. Since August, Paraguay has implemented a TRIPS-consistent trademark law and copyright law, increased enforcement efforts against intellectual property crimes, cooperated with copyright industries on raids and training initiatives, seized and destroyed significant amounts of pirated goods, issued the first arrest warrants for intellectual property crimes in recent memory, and appointed special intellectual property prosecutors. While piracy and counterfeiting remain widespread problems in Paraguay, the United States believes that the Cubas Administration has made impressive strides during its three months in office to begin to address the intellectual property problem.

On January 16, 1998, Ambassador Barshefsky identified Paraguay as a "Priority Foreign Country," and on February 17, 1998, the United States initiated a section 301 investigation of Paraguay's acts, policies and practices regarding intellectual property. This investigation was extended for an additional 3 months on August 4, in light of the complex and complicated issues involved and to provide an opportunity to continue negotiations with the Cubas Administration. The extension of the investigation moved the deadline for the U.S. Trade Representative's determination in this case to November 17. Should negotiators have failed to reach agreement by November 17, the United States would have been required by law to announce what steps it would take in response, and would have considered the possibility of imposing trade sanctions against Paraguay.

On November 17, 1998, Ambassador Barshefsky also terminated the review of Paraguay's intellectual property practices initiated in 1996 under the Generalized System of Preferences program.